



**MCI Telecommunications
Corporation**

1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

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SEP 25 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: In the Matter of Southwestern Bell Telephone Company Transmittal
Nos. 2433 and 2449. Tariff F.C.C No. 73; CC Docket No. 95-140

Dear Mr. Caton:

Enclosed herewith for filing are the original and seven (7) copies of MCI Telecommunications Corporation's Opposition to Direct Case regarding the above-captioned matter.

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Opposition to Direct Case furnished for such purpose and remit same to the bearer.

Sincerely yours,

Don Sussman
Regulatory Analyst

Enclosure
DHS



Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of:

Southwestern Bell Telephone Company

Tariff F.C.C. No. 73

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MCI OPPOSITION TO DIRECT CASE

Don Sussman
Regulatory Analyst
1801 Pennsylvania Ave., NW
Washington, DC 20006

September 25, 1995

TABLE OF CONTENTS

SUMMARY	<u>i</u>
I. Introduction	<u>1</u>
II. Background	<u>2</u>
III. SWBT Transmittal Nos. 2433 and 2449 Violate Part 61 of the Commission's Rules	<u>4</u>
IV. SWBT Has Failed to Demonstrate That it Faces Competition	<u>6</u>
V. Evidence That Does Exist Shows Very Little Competition in SWBT's Territory	<u>11</u>
VI. Conclusion	<u>19</u>

SUMMARY

On June 26, 1995, the Common Carrier Bureau ("Bureau") released an Order that suspended for five months the "Request for Proposal" ("RFP") tariffs filed with Southwestern Bell Telephone Company's ("SWBT's") Transmittal Nos. 2433 and 2449, and initiated an investigation into the lawfulness of these tariffs. On August 25, 1995, the Bureau released its RFP Designation Order, requiring SWBT to file its Direct Case to support its contention that competitive conditions justify its request for unfettered pricing flexibility. MCI Telecommunications Corporation ("MCI"), hereby files its Opposition to the Direct Case of SWBT, filed September 11, 1995.

MCI urges the Commission to reject SWBT's tariff transmittals because SWBT's Direct Case fails to offer any new evidence to support its anticompetitive request. Moreover, MCI requests that the Commission reject SWBT's Transmittal Nos. 2433 and 2449, because the proposed contract-type tariffs violate Part 61 of the Commission's rules and SWBT has failed to demonstrate that it faces substantial competition.

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2433 and 2449
CC Docket No. 95-140

MCI OPPOSITION TO DIRECT CASE

I. Introduction

MCI Telecommunications Corporation ("MCI"), pursuant to the RFP Designation Order,¹ hereby files its Opposition to the Direct Case of Southwestern Bell Telephone Company ("SWBT"), filed September 11, 1995.² On June 26, 1995, pursuant to its authority under Section 204(a) of the Communications Act of 1934, the Common Carrier Bureau ("Bureau") released

¹ Southwestern Bell Telephone Company Tariff F.C.C. No. 73, Transmittal Nos. 2433 and 2449, CC Docket No. 95-140, Order Designating Issues for Investigation (Com. Car. Bur., released August 25, 1995) (DA 95-1867) ("RFP Designation Order").

² In the subject transmittals, SWBT proposes to introduce a new section in Tariff F.C.C. No. 73 and proposes to file two contract-type tariffs, which SWBT refers to as "Request for Proposal ("RFP") cases." The contract-type tariffs contain rates that are lower than SWBT's average tariff rate for similar offerings.

an Order that suspended for five months the "Request for Proposal" ("RFP") tariffs filed with SWBT's Transmittal Nos. 2433 and 2449, and initiated an investigation into the lawfulness of these tariffs.³ On August 25, 1995, the Bureau released its RFP Designation Order, requiring SWBT to file its Direct Case to support its contention that competitive conditions justify its request for unfettered pricing flexibility. MCI urges the Commission to reject SWBT's tariff transmittals because SWBT's Direct Case fails to offer any new evidence to support its anticompetitive position.⁴ Moreover, MCI requests that the Commission reject SWBT's Transmittal Nos. 2433 and 2449, because the proposed contract-type tariffs violate Part 61 of the Commission's rules and SWBT has failed to demonstrate that it faces substantial competition.

II. Background

As the second largest long distance carrier in the United States, MCI's interest is in ensuring that the rates it pays for access services are cost based. Historically, MCI has been forced to pay up to 40 percent of its revenue generated from telecommunications services to monopoly local exchange carriers ("LECs"), like SWBT, for access to its customers. While MCI continues

³ Southwestern Bell Telephone Company, Tariff F.C.C. No. 73, Transmittal Nos. 2433 and 2449, Order, DA 95-1445 (released June 26, 1995) ("Suspension Order").

⁴ Under Section 204 of the Communications Act, SWBT has the burden of proving the lawfulness of its proposed tariff. SWBT has failed to do so here.

to pay these monopoly rates for the vast majority of its access needs, in certain locations throughout the country alternative access providers are beginning to emerge for select services. MCI has begun to issue RFPs for select access services for several reasons. MCI might be able to promote the emergence of competition by showing potential future access vendors that an opportunity for business might exist. Also, through an RFP, MCI might find an alternative provider of which it was unaware, from which MCI could obtain the technical redundancy and strategic diversity that the monopoly LEC cannot offer. Encouraging the growth of local access competition is one of the key strategies MCI has in reducing SWBT's access rates to economic cost.

MCI has issued only five RFPs in SWBT's territory. In the aggregate, these RFPs represent less than 0.16 percent of MCI's annual access cost in SWBT's region. On January 27, 1995, two RFPs were issued for DS-3 facilities in Topeka, Kansas and St. Louis, Missouri, respectively, and two RFPs were issued for entrance facilities in St. Louis, Missouri and Kansas City, Missouri, respectively. In July, 1995, one RFP was issued for DS-3 facilities in Austin, Texas. MCI received two responses to its RFPs for DS-3 service in Topeka and in St. Louis, one response to its RFP issued for DS-3 facilities in Austin, and withdrew its RFPs for the entrance facilities in St. Louis and Kansas City before any bids were received. While MCI has awarded the RFPs for DS-3 facilities in Topeka and St. Louis, to date no MCI traffic has even left SWBT's network because the alternative provider has yet to provision the required facilities.

III. SWBT Transmittal Nos. 2433 and 2449 Violate Part 61 of the Commission's Rules

The Commission has established rules limiting contract-type (or contract-based) tariffs to interexchange carriers and nondominant carriers and their customers, for services which face substantial competition. SWBT is neither an interexchange carrier nor a nondominant carrier, and it does not face substantial competition.

According to §61.3(m) of the Commission's rules, a contract-type tariff is "based on a service contract entered into between an interexchange carrier subject to §61.42 (a) through (c) or a nondominant carrier and a customer."⁵ SWBT is not regulated as an interexchange carrier nor as a nondominant carrier, so it is clearly not permitted under existing rules to offer contract-type tariffs.

Any argument that SWBT's proposed RFP section is not an attempt to offer contract-types tariffs is disingenuous. First, it cannot be argued that SWBT is merely proposing Individual Case Basis ("ICB") pricing. In the Commission's Price Cap Review Further Notice, the Commission explains that "[a]lthough ICB tariff filings have some characteristics of contract tariffs, they are generally intended to be precursors to new service offerings."⁶ By SWBT's own admission,

⁵ 47 CFR, §61.3(m).

⁶ Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1, Second Further Notice of Proposed Rulemaking in CC Docket No. 91-141, ("Price Cap Performance Further Notice") FCC 95-393, released September 20, 1995, at p.31.

the only difference between the facilities that SWBT is offering under the proposed contract-type tariff and its existing general tariff is its lower price.⁷ The rates terms and conditions of the proposed offering are already tariffed.⁸ Thus, they are not ICBs; they are contract-type tariffs.

Second, just as contract-type tariffs limit certain services to a specific customer or group of customers, SWBT proposes to limit its lower prices to customers seeking “the same service in the same quantities and at the same central offices.” SWBT’s proposed contract-type tariffs are indistinguishable from the specifications outlined in §61.55 of the Commission’s rules, which specifically state what must be included in contract-type tariffs.⁹ SWBT’s proposed tariff offers contract-type tariffs prohibited under §61.3(m) and §61.55 of the Commission’s rules.

SWBT’s apparent response to this rule violation is that the competitive necessity doctrine allows its to violate the rules by filing a tariff that is based on a supposed showing of competitive necessity. SWBT’s argument is procedurally incorrect. Once the Commission has adopted a rule, the only way SWBT can avoid the application of the rule to itself is to file a request for waiver. While it is

⁷ SWBT Transmittal No. 2433 itself states that “[t]he facilities utilized to provide these services are the same type as that used by the Telephone Company in furnishing its other services.”

⁸ See SWBT Tariff F.C.C. No. 73, Section 20 (Megalink Custom Service).

⁹ Section 61.55 of the Commission’s rules, 47 C.F.R. §61.55.

true that in a waiver proceeding that SWBT could argue competitive necessity as grounds to waive Part 61, SWBT has not filed such a waiver. It has, instead, attempted to end-run the Commission's procedural rules by filing a tariff. SWBT Transmittal Nos. 2433 and 2449 violate Sections 61.3(m) and 61.55 of the Commission's rules and must be rejected.

IV. SWBT Has Failed to Demonstrate That it Faces Competition

Even if the Commission concludes that SWBT does not need to file a waiver of the relevant Part 61 rules, Commission law and precedent require SWBT to bear the burden of demonstrating that it faces substantial competition before being granted authority for a contract-type tariff.

In the Interexchange Ruling, the Commission adopted a rule permitting the interexchange carriers to offer services pursuant to individually negotiated contracts, but allowed AT&T to offer contract rates only for services found to be subject to substantial competition and accorded streamlined regulation.¹⁰ The Commission required that all individually negotiated contracts offered by the interexchange carriers be made generally available to similarly situated customers under substantially similar circumstances so as to comply with the

¹⁰ Competition in the Interexchange Marketplace, Report and Order, 6 FCC Rcd 5880 (1991) ("Interexchange Rulemaking"), recon., 6 FCC 7569 (19991), further recon., 7 FCC Rcd 2677 (1992), Second Report and Order, 8 FCC Rcd 3668 (1993), recon., 8 FCC Rcd 5046 (1993).

nondiscrimination provisions of the Communications Act.¹¹ The Commission found that allowing AT&T the freedom to enter into contracts with customers for services subject to streamlined regulation would benefit consumers without increasing the risk of anti-competitive or “other undesirable behavior by AT&T.”¹²

In the Price Cap Review Further Notice, released September 20, 1995, the Commission reiterated its policy of limiting contract-type prices to access services that the Commission has found to be subject to substantial competition and are subject to streamlined regulation, provided that the contract rates are made generally available to similarly situated customers under substantially similar circumstances.¹³

Recently, the Commission issued an order in the Expanded Interconnection proceeding that again “limited contract carriage to services found to be substantially competitive.”¹⁴ Not only are access services not “substantially competitive,” but there has been no Commission finding that the interstate access market is subject to substantial competition.¹⁵

¹¹ Interexchange Order, 6 FCC Rcd at 5897.

¹² Id. at 5899.

¹³ Second Further Notice, FCC 95-393, Released September 20, 1995, at 68.

¹⁴ Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Transport Phase II, 9 FCC Rcd 2718, ¶163 (1994).

¹⁵ Competitive access providers deliver less than 1 percent of the access services the IXC's purchase. See The Enduring Bottleneck, Monopoly Power and the Local Exchange Carriers, Economics and Technology, Inc./ Hatfield Associates, Inc., 1994, p.2.

It would contradict Commission and legal precedent to allow SWBT to offer contract-type tariffs for services which the Commission has not found to face substantial competition.

SWBT's defense is that MCI has not proven that the access markets are not competitive. In pages 2-4 of its Comments filed March 24, 1995, SWBT incorrectly contends that "[w]hile MCI claims that access services generally may not be competitive, it provides no basis for that claim. Thus, any inquiry as to whether SWBT truly faces competition must end here."

Section 204(a) of the Communications Act clearly states that:

At any hearing involving a new or revised charge, or a proposed new or revised charge, the burden of proof to show that the new or revised charge, or proposed charge, is just and reasonable shall be upon the carrier

There can be no doubt that it is SWBT's burden to prove substantial competition exists for access services prior to receiving increased pricing flexibility.

SWBT's only attempt to demonstrate the existence of substantial competition for access services is fundamentally flawed. SWBT argues that the issuance of an RFP, in itself, equates to effective competition for local access services.¹⁶ SWBT even argues that it is not relevant "whether or not other

¹⁶ For example, in SWBT's direct case, it states that "the existence of the RFP itself, whether or not other vendors choose to participate, constitutes a competitive bid situation." SWBT Direct Case at 7.

vendors choose to participate” in the RFP process for a market to be considered substantially competitive.¹⁷

The issuance of RFPs is not a new phenomena that has resulted from markets becoming increasingly competitive. Customers have long issued RFPs simply to see if alternative providers may exist, or whether established suppliers have a new alternative way to satisfy the customer’s needs. The cost of issuing an RFP is typically little more than investment in the paper on which it is written.

Similarly, the fact that a customer may invite a service provider to participate in the RFP process for a certain service, does not mean that the invited vendor will, or even can, compete to provide that service.¹⁸ Government agencies, for example, have a long history of issuing RFPs. Sometimes agencies post the RFPs on boards or in journals, and in other instances RFPs are mailed to vendors that have placed their organization’s names on a service list. Typically, a vendor’s name on a service list does not signify that the company is a provider of the service. It only means that the vendor’s account team was astute enough to place the organization’s name on the list. SWBT’s attempt to clarify its vague and ambiguous tariffs by stating in its direct case that

¹⁷ SWBT Direct Case at 7.

¹⁸ For example, MCI issued two RFPs in GTE’s service area: one for Lexington, Kentucky and one for Fort Wayne, Indiana. GTE was awarded the business in each case because it was the only provider to submit a bid.

“a competitive situation means invitations to bids are give to more than one supplier” is thus meaningless.¹⁹ Its argument should be dismissed.

Whether a customer seeking a service contacts potential providers via telephone, in person, or via an RFP is irrelevant for the purpose of defining if substantial competition exists. Likewise, the number of vendors contacted by a customer seeking service is also meaningless in determining the level of competition in a marketplace. For example, in many states CAPs are legally barred (or prohibited by regulations) from providing local switched services. Regardless of how many end users request the CAPs’ services, the local markets remain monopolies because only one provider can offer service. Similarly, regardless of how many providers are asked to provide access services by RFPs, if only one carrier can offer the service, the market cannot be determined to be “substantially competitive.”

What determines whether a market is competitive, and whether a monopoly LEC should receive increased pricing flexibility, is whether the customer has a choice of providers. It should not be based on how the customer informs vendors that it is seeking a service, nor how many vendors are contacted by the customer seeking the service. The foundation of SWBT’s request for increased pricing flexibility is wrong. SWBT Transmittal Nos. 2433 and 2449 should be rejected.

¹⁹ SWBT Direct Case at n. 4.

SWBT has failed to provide new evidence demonstrating that it faces substantial competition. It has also failed to meet its burden of proof in demonstrating that it faces substantial competition. Its proposed tariffs should be rejected.

V. Evidence That Does Exist Shows Very Little Competition in SWBT's Territory

SWBT argues in its Direct Case that owing to “competitive necessity,” the Commission must grant SWBT increased pricing flexibility. SWBT argues that it cannot effectively compete for business issued under RFPs because it competes with firms who are, for the most part, unregulated.²⁰ It complains that current regulatory restrictions “directly harm SWBT,” and that these restrictions “handicap SWBT in the marketplace.”²¹ SWBT's claims should be dismissed as it has provided no evidence that demonstrates that it has been handicapped in the marketplace. Furthermore, while SWBT has failed to demonstrate that it faces substantial competition, evidence does exist which illustrates that, at most, competition is only beginning to emerge in certain segments of the marketplace.

SWBT's recent pricing policies confirm its own lack of concern for existing “competition.” SWBT, like all price cap LECs, was afforded greater pricing flexibility in order to respond to new entrant's services offered in the wake of the

²⁰ SWBT Direct Case at 3.

²¹ SWBT Direct Case at 3.

implementation of expanded interconnection. In that proceeding, in response to emerging competition, the Commission offered the LECs a carefully measured amount of pricing flexibility which would increase in response to increasingly competitive conditions. SWBT has failed to utilize this pricing flexibility, and therefore, warrants no new amount of flexibility.

In Arkansas, where collocation became operational in May 1995, SWBT has yet to file any zone rate differentials. Similarly, in Oklahoma, the first collocation became operational in June 1995, yet SWBT has shown no signs of filing rate differentials. In Texas and Missouri, where the first collocation became operational in 1994, SWBT has filed rate differentials which are comparatively insignificant. For example, as is shown in table 3, even though SWBT contends that it faces substantial competition in Texas for high capacity services,²² it has filed DS-3 rates in zone 1 and 2 that are only 1 percent less than the rates it filed in zone 3.

²² SWBT Direct Case at 14.

Table 3. DS-3 Special Access Rates for a 3-Year Optional Payment Plan²³

	<u>Zone 1 & 2</u>	<u>Zone 3</u>	<u>Difference</u>
MUX	\$686.40	\$686.40	0
Channel term	\$1,828	\$1,828	0
Fixed mileage	\$764	\$764	0
<u>Variable Mileage</u>	<u>\$80</u>	<u>\$85</u>	6%
Total for 10 mile DS-3 Circuit	\$4078.40	\$4128.4	1%

While this discount is very small, the 1 percent discount is further dwarfed because only 10 percent of all of the DS-3s in Texas, and approximately 35 percent of the DS-3s in Missouri, have the mileage components. Furthermore, no zone rate differentials exist for month-to-month or 5-year optional payment plans. In other words, SWBT has utilized practically none of its zone density pricing flexibility to compete for its high capacity, DS-3 services.

In SWBT's most recent annual access filing, SWBT set its 1995 rates for traffic sensitive, trunking, and interexchange services at the price cap maximum, removing headroom which existed from the year before. Even the DS-3 special access price indices (SBI) were reset by SWBT to maximize the amount it charged for access (see table 4). Between 1994 and 1995 the amount by which

²³ Rates per FCC Tariff #73 for Single DS-3, 3-year Optional Payment Plan. Effective August 1, 1995.

SWBT set its SBI below its respective SBI caps were reduced by 5 percent, on average.

Table 4. DS-3 Special Access Price Indices for 1994 and 1995

	<u>Year</u>	<u>SBI</u>	<u>SBI upper Limit</u>	<u>Percent below Upper limit</u>
Zone 1	1994	85.2068	90.1776	6%
	1995	81.8703	82.3099	1%
Zone 2	1994	85.0973	90.1775	6%
	1995	80.5064	82.2630	2%
Zone 3	1994	84.9352	90.1775	6%
	1995	80.3849	82.1366	2%

In the Expanded Interconnection proceeding, the Commission has already set conditions, which when met, and when combined with the pricing flexibility already provided in price caps, allow the LECs substantial pricing flexibility. The fact that SWBT continually obstructs collocation and the development of competition in their operating area only makes it more difficult for them to be able to offer the pricing discounts that they seek. SWBT has filed virtual collocation tariffs more than 12 times higher than other LECs, appealed nearly every Bureau and Commission order furthering expanded interconnection, continually refuses to allow interconnectors to view related cost support for its virtual collocation tariffs, and has ignored Commission and Bureau orders.²⁴ SWBT's persistence

²⁴For example, the Commission's Virtual Collocation Order and the Bureau's TRP Order (Expanded Interconnection with Local Telephone Company Facilities, Memorandum Opinion and Order, FCC 94-190 (released July 25, 1994) ("Virtual

has even led the Commission to issue an Order to Show Cause requiring SWBT to show why it failed to comply with two of the Commission's orders.²⁵

The Commission has already set a measured and deliberate course that, over time, grants LECs increased pricing flexibility. If SWBT wants increased pricing flexibility, it is up to SWBT to create a pro-competitive environment that will attract competitors and enable SWBT to offer volume and term discounts. SWBT's ability to gain increased pricing flexibility is in its own hands.

SWBT has not yet taken advantage of the pricing flexibility that the Commission has already permitted, ostensibly because it currently faces no significant competitive threat. Therefore, no valid reason exists why the Commission should grant SWBT more pricing flexibility. The Commission should reject SWBT Transmittal Nos. 2433 and 2449.

Furthermore, a preponderance of evidence suggests that SWBT, itself, has not been "handicapped" in the marketplace. First, SWBT is the only certificated local exchange carrier authorized to perform switched local access in the states in which it operates. Today, there are no Competitive Local Exchange Carriers ("C-LECs") certificated in any of the states in which SWBT operates.

Collocation Order") and Commission Requirements for Cost Support Material To Be Filed with Virtual Collocation Tariffs for Special Access and Switched Transport, DA 94-819, released July 25, 1994, ("TRP Order").

²⁵Southwestern Bell Telephone Company, Tariff FCC No. 73 and Request for Partial Stay, Transmittal No. 2391, Memorandum Opinion and Order and Order to Show Cause, released November 2, 1994.

Competitive access providers do offer some dedicated access services, however the extent of these services, in terms of geographic availability and revenue generated, are minute compared to that of SWBT.

Second, examination of SWBT's recent actions and profitability clearly illustrate that its ability to retain current business, as well as secure new business, has not diminished. As is illustrated in table 1, in a year-over-year comparison, SWBT (or SBC) increased its local service revenue by 7 percent, trailing only Pacific Telesis and GTE. During this same period, SWBT experienced an 8.6 percent increase in network access revenue, trailing only Bell Atlantic.

Table 1. Year-over-Year: Revenue Growth²⁶

2Q95 vs 2Q94	Local Service Revenue	Network Access Revenue
Ameritech	4.9%	0.8%
Bell Atlantic	2.2%	11.3%
BellSouth	4.9%	3.7%
NYNEX	1.3%	7.2%
PacTel	12.0%	6.9%
SBC	7.0%	8.6%
USWest	5.9%	5.4%
GTE	11.0%	(4.8%)
Simple Average	6.1%	4.9%

SWBT also outperformed most LECs in terms of access growth during the last year. As is depicted in table 2, SWBT ranked second in network access revenue growth, first in network access minutes growth, first in interstate minutes growth, fifth in intrastate minutes growth, and fourth in total access line growth. In all categories it significantly exceeded average LEC growth.

²⁶ PacTel and GTE's local and toll revenues were impacted by the IRD rate rebalancing as part of the implementation of toll competition in California. Revenue and access data, used to compute year-over-year revenue and access growth, was obtained from the Second Quarter 1994 and the Second Quarter 1995 Earning Releases for Ameritech, Bell Atlantic, BellSouth, NYNEX, PacTel, SBC, USWest and GTE.

Table 2. Access Growth Statistics - Percentage (%) Change from Previous Quarters

2Q95 vs 1Q95	Network Access Revenue	Network Access Minutes	Inter State Minutes	Intra State Minutes	Total Access Lines
Ameritech	0.8%	8.7%	6.9%	13.1%	4.3%
Bell Atlantic	11.3%	8.6%	7.0%	15.5%	3.1%
Bell South	3.7%	9.6%	8.1%	14.7%	4.8%
NYNEX	7.2%	9.1%	7.7%	17.7%	3.2%
Pacific Tel	6.9%	10.3%	3.1%	20.8%	2.9%
SBC	8.6%	11.1%	9.7%	14.1%	4.0%
US West	5.4%	9.4%	9.1%	10.7%	3.6%
GTE	(4.8%)	7.9%	5.5%	12.8%	4.6%
Simple Average	4.9%	9.4%	7.1%	15.0%	3.8%

Further evidence that SWBT's request for added pricing flexibility is without merit is reflected in its ability to overearn. In 1994, SWBT was required to share more than \$32 million, up from \$15.2 million in 1993. During this period, SWBT's sharing obligation resulting from trunking services -- the area in which SWBT purports to face "substantial competition" -- more than doubled. In 1994, SWBT's trunking services generated enough revenue to require SWBT to share \$11.3 million.

Evidence clearly demonstrates that SWBT has not been "handicapped" in the marketplace. Evidence also exists which demonstrates that SWBT has not utilized the pricing flexibility already afforded to it by the Commission. Its request

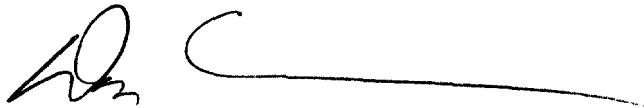
for increased pricing flexibility is anticompetitive, and unwarranted. The Commission should, therefore, reject SWBT Transmittal Nos. 2433 and 2449.

VI. Conclusion

On September 20, 1995, the Commission proposed to allow LECs to offer contract-type tariffs in cases where the LEC faces substantial competition. It is in this rulemaking, which was initiated to "develop specific standards for evaluating the state of competition in particular markets," where the issue of granting SWBT, or any other LEC, increased pricing flexibility should be determined. A tariff proceeding is not the correct forum.

The Commission should reject SWBT Transmittal Nos. 2433 and 2449, as well as SWBT's proposal to offer contract-type tariffs for services which the Commission has not determined face substantial competition. LECs cannot be allowed to cherry pick when new entrants face substantial barriers to competition (e.g., lack of number portability, bundled loop, universal service subsidies, etc.). Allowing LECs unfettered pricing flexibility, as requested by SWBT, would permit LECs to quash competition before new entrants were even permitted to gain a foothold.

Respectfully submitted,
MCI TELECOMMUNICATIONS CORPORATION

A handwritten signature in black ink, appearing to read 'Don Sussman', followed by a long horizontal line extending to the right.

Don Sussman
Regulatory Analyst
1801 Pennsylvania Ave., NW
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(202) 887-2779

September 25, 1995

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on September 25, 1995.

A handwritten signature in black ink, appearing to read 'Don Sussman', is written over a horizontal line.

Don Sussman
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